

LIST OF APPENDICES

<u>APX NO.</u>	<u>DESCRIPTION</u>
A	Revised Part I CON Form Set
B	Revised Explanatory Notes & Drawings; Footprint
C	Revised Chart 1 (Construction Characteristics)
D	Revised Part II CON Formset – Budget
E	Revised Part III CON Formset – Tables and Projections
F	MVS Analysis
G	Affirmations

APX A – Revised Part I, CON Form Set

**Maryland
Health
Care
Commission**

08-15-2228

MATTER/DOCKET NO.

April 25, 2008

DATE DOCKETED

**COMPREHENSIVE CARE FACILITY (NURSING HOME)
APPLICATION FOR CERTIFICATE OF NEED**

***ALL PAGES THROUGHOUT THE APPLICATION SHOULD BE
NUMBERED CONSECUTIVELY***

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

- 1.a. Maryland Montgomery Health Investors.LLC
Legal Name of Project Applicant
(i.e. Licensee or Proposed Licensee)

c/o Smith/Packett Med-Com, LLC
b. 4423 Pheasant Ridge Rd S.W.
Street

c. Roanoke, VA 24014
City Zip County

d. 540 - 774 - 7762
Telephone

e. James R. Smith
Name of Chief Executive
- 2.a. Springbrook Nursing & Rehabilitation Center, Inc.
Legal Name of Project Co-Applicant
(i.e. if more than one applicant)

b. 12325 New Hampshire Ave.
Street

c. Silver Spring 20904 Montgomery
City Zip County

d. 301-315-3601
Telephone

e. George Child, Pres. ASLS
Name of Chief Executive
3. a Rivermont Nursing & Rehab. Center
Name of Facility

b. Clarksburg Rd (MD Rte 121) Near 270
Street (Project Site)

c. Clarksburg 20871 Montgomery
City Zip County
4. N/A
Name of Owner (if different than applicant)
5. a. Silvana Accame Dill, D'or Bus. Dev
Representative of Co-Applicant

c/o Adventist Senior Living Services
b. 1801 Research Blvd., Suite 300
Street

c. Rockville, MD 20850 Montgomery
City Zip County

d. 301-315-3601
Telephone

6. Person(s) to whom questions regarding this application should be directed:
(Attach sheets if additional persons should be contacted)

a. <u>Jim "Piet" Pietrzak, Pres</u> Name and Title	a. <u>James A. Forsyth, Esq;</u> Name and Title	a. <u>Silvana Accame Dill, D'or Bus. Dev</u> Name and Title
c/o Smith/Packett Med-Com, LLC		c/o Adventist Senior Living Services
b. <u>4423 Pheasant Ridge Rd S.W.</u> Street	b. <u>11604 Garrison Forest Rd</u> Street	b. <u>1801 Research Blvd., Suite 300</u> Street
c. <u>Roanoke, VA 24014</u> City Zip County	c. <u>Owings Mills 21117 Balto</u> City Zip County	c. <u>Rockville, MD 20850 Montgomery</u> City Zip County
d. <u>540 - 774 - 7762</u> Telephone No.	d. <u>410 581 1108</u> Telephone No.	d. <u>301-315-3601</u> Telephone No.
e. <u>540-772-6470</u> Fax No.	e. <u>410 581 1109</u> Fax No.	e. <u>301-315-3490</u> Fax No.

7. Brief Project Description (for identification only; see also item #14)
124 bed replacement CCF facility utilizing 80 existing but temporarily delicensed beds from closed Mariner Health Care of Circle Manor and 44 existing beds at closing Springbook Adventist Nursing & Rehabilitation Center. (See Items 9 & 14 for additional information).

8. Legal Structure of Licensee (check one from each column):
- | | | |
|---|---|--|
| a. Governmental <input type="checkbox"/> | b. Sole Proprietorship <input type="checkbox"/> | c. To be Formed <input type="checkbox"/> |
| Proprietary <input checked="" type="checkbox"/> | Partnership <input type="checkbox"/> | Existing <input checked="" type="checkbox"/> |
| Nonprofit <input type="checkbox"/> | Corporation <input checked="" type="checkbox"/> (LLC) | |
| | Subchapter "S" <input type="checkbox"/> | |

9. Current Licensed Capacity and Proposed Changes:

Service	Unit Description	Currently Licensed/Certified	Units to be Added or Reduced	Total Units if Project is Approved
Comprehensive Care	Beds	<u>124/ 124 *</u>	<u>0</u>	<u>124</u>
Assisted Living	Beds	<u>0 / 0</u>	<u>0</u>	<u>0</u>
Extended Care	Beds	<u>0 / 0</u>	<u>0</u>	<u>0</u>
Adult Day Care	"Slots"	<u>0 / 0</u>	<u>0</u>	<u>0</u>
Other (Specify)	Dialysis Unit	<u>0 / 0</u>	<u>0</u>	<u>0</u>

(See also Project Description, Item 14)

10. Community Based Services Provided by Facility:

Existing/Proposed

Respite Care Program (Yes/No)	<u>No /Yes</u> (on space available basis)
Dedicated Respite Beds (Number)	<u>0 / 0</u>
Congregate Meals (Yes/No)	<u>No /No</u>
Telephone Reassurance (Yes/No)	<u>No /No</u>
Child Day Care (Yes/No)	<u>No /No</u>
Transportation (Yes/No)	<u>No /No</u>
Meals on Wheels (Yes/No)	<u>No/No</u>
Other (Specify)	

11. Project Location and Site Control:

A. Site Size 4 +/- acres of the campus

B. Have all necessary State and Local land use approvals, including zoning, for the project as proposed been obtained? YES___ NO X (If NO, describe below the current status and timetable for receiving necessary approvals.) **Zoning has already been approved. Site Plan Approval from Maryland National Capitol Park & Planning Comm'n. will be required (6-9 month process).**

C. Site Control:

(1) Title held by: **Adventist HealthCare, Inc., a related party, already owns the campus. The parties anticipate that following CON approval, the 4 acre parcel upon which the nursing facility is sited will be held by the facility or a related entity, via a long-term ground lease. Lease payments have been included in the Project Budget.**

(2) Options to purchase held by: _____

(i) Expiration Date of Option _____

(ii) Is Option Renewable? _____ If yes, please explain

(iii) Cost of Option _____

(3) Land Lease held by: _____

(i) Expiration Date of Lease _____

(ii) Is Lease Renewable? _____ If yes, please explain

(iii) Cost of Lease _____

(4) Option to Lease held by: _____

(i) Expiration Date of Lease _____

(ii) Is Option Renewable? _____ If yes, please explain

(iii) Cost of Option _____

(5) If site is not controlled by ownership, lease, or option, please explain how site control will be obtained:

(INSTRUCTION: IN COMPLETING ITEMS 12 & 13, PLEASE NOTE APPLICABLE PERFORMANCE REQUIREMENT TARGET DATES SET FORTH IN COMMISSION REGULATIONS, COMAR 10.24.01.12)

12. Project Implementation Target Dates (for construction or renovation projects):

A. Obligation of Capital Expenditure within 18 months from approval date.

B. Beginning Construction within 4 months from capital obligation.

C. Pre-Licensure/First Use within 18 months from capital obligation.

D. Full Utilization within 24 months from first use.

13. Project Implementation Target Dates (for projects not involving construction or renovations): N/A

A. Obligation of Capital Expenditure _____ months from approval date.

B. Pre-Licensure/First Use _____ months from capital obligation.

C. Full Utilization _____ months from first use.

14. Project Description:

Provide a reasonably full description of the project's construction and renovation plan and all services to be provided following completion of the project.

This is a Modification to a docketed and pending Application seeking approval to establish a comprehensive care facility intended to replace the existing Mariner Health Care of Circle Manor and the remaining 44 beds from the closing Springbrook Adventist Nursing & Rehabilitation Center. The proposed project will utilize the 80 existing but temporarily de-licensed comprehensive care beds which will be relocated from Circle Manor to the proposed project. In addition, 44 beds currently licensed to Springbrook will be included thus resulting in a new 124-bed comprehensive care facility. The beds will be arrayed in 3 Nursing Units on the 2nd 3rd and 4th floors, of a 4 - story building located on the campus which also includes the proposed Clarksburg Community Hospital.

15. Project Drawings: Projects involving renovations or new construction should include architectural schematic drawings of plans outlining the current facility (if applicable), the new facility (if applicable) and the proposed new configuration. These drawings should include:

- 1) the number and location of nursing stations.
- 2) approximate room sizes,
- 3) number of beds to a room,
- 4) number and location of bathrooms,
- 5) any proposed space for future expansion, and
- 6) the "footprint" and location of the facility on the proposed or existing site.

Please see Apx B for Explanatory Notes & the required Drawings.

16. Features of Project Construction:

- A. Please Complete "CHART 1. PROJECT CONSTRUCTION CHARACTERISTICS" describing the applicable characteristics of the project, if the project involves new construction.

See APX C for Chart 1.

- B. Explain any plans for bed expansion subsequent to approval which are incorporated in the project's construction plan.

The current 124 bed project does not incorporate plans for future nursing bed expansion, other than in existing space or through potential conversions of Private Rooms to Semi Privates.

- C. Please discuss the availability of utilities (water, electricity, sewage, etc.) for the proposed project and the steps that will be necessary to obtain utilities.

The site will be served by all necessary public utilities, as follows:

Water is supplied by the Washington Suburban Sanitary Commission (WSSC). Water is being supplied to the site by one 12" water line. An 8" water service line with an outside water meter will connect to the 12" line at the southern end of the site and will loop through the site, providing the building connection. A domestic connection and fire connection will be provided off of this line. Various fire hydrants will be provided throughout the site.

The sanitary connections will be provided to the site by the 8" sanitary line. A grease interceptor will be provided at the connection location at the eastern end of the building. Site Utility water and sewer is required on site to accommodate the new building demands.

A WSSC application, plan and profiles, will be required for the Regulatory Systems Group Process; taking approximately 6 months from the initial submission to permitting.

APX B – Revised Explanatory Notes & Preliminary Project Drawings; Footprint

Rivermont Nursing & Rehabilitation Center Preliminary Project Drawings

CON Formset Items 15 (1) - 15 (6) – Explanatory Notes to Drawings

See Attached Preliminary Drawings for 124 Bed Nursing Facility & Footprint On Site.

Nursing Facility Drawings Show:

Item 15 - 1 (Number and Location of Nurse Stations): 3 total as Identified on the Drawing as follows: 1 Nurses' Station on the 2nd Floor 42 – Bed Nursing Unit; 1 Nurses' Station on the 3rd Floor 41 – Bed Nursing Unit; 1 Nurses' Station on the 4th Floor 41 – Bed Nursing Unit;.

Item 15 - 2 (Approximate Room Sizes): Private (Single Occupancy) Resident Rooms are 189 +/- sf with an additional 58 sf for Bathroom for a total of 247 sf. Semi-Private (Double Occupancy) Resident Rooms are 401 +/- sf with an additional 45.5 sf for Bathroom for a total of 446.5 sf.

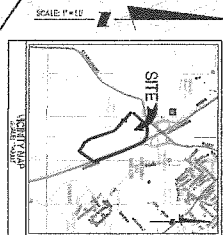
Item 15 - 3 (Number of Beds to a Room): 2nd Floor 42-Bed Unit: There are 42 Single Occupancy Resident Rooms marked 'Private' which will house 1 bed in each room for a total of 42 beds. (Total 2nd Floor: 42 Beds). 3rd Floor 41-Bed Unit: There are 25 Resident Rooms including 16 Double Occupancy Resident Rooms marked 'Semi Private' which will house 2 beds in each room for a total of 32 beds; and 9 Single Occupancy Resident Rooms marked 'Private' which will house 1 bed in each room for a total of 9 beds. (Total 3rd Floor: 32 + 9 = 41 Beds). 4th Floor 41-Bed Unit: There are 25 Resident Rooms including 16 Double Occupancy Resident Rooms marked 'Semi Private' which will house 2 beds in each room for a total of 32 beds; and 9 Single Occupancy Resident Rooms marked 'Private' which will house 1 bed in each room for a total of 9 beds. (Total 4th Floor: 32 + 9 = 41 Beds). (Total Facility: 124 Beds in 92 Resident Rooms)

Item 15 - 4 (Number and Location of Bathrooms): Resident Bathrooms are located in each Resident Room as shown on the schematic drawings. Bathrooms are indicated in each of the partially boxed areas within each Resident Room, as shown on the Drawings.

Item 15 - 5 (Proposed space for future expansion): Future expansion of the Nursing Facility is facilitated through conversion of single occupancy rooms to double occupancy.

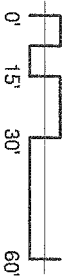
Item 15 - 6 (The footprint and location of the facility on the proposed or existing site): The required Drawing showing the building footprint is attached.

1 OF 1



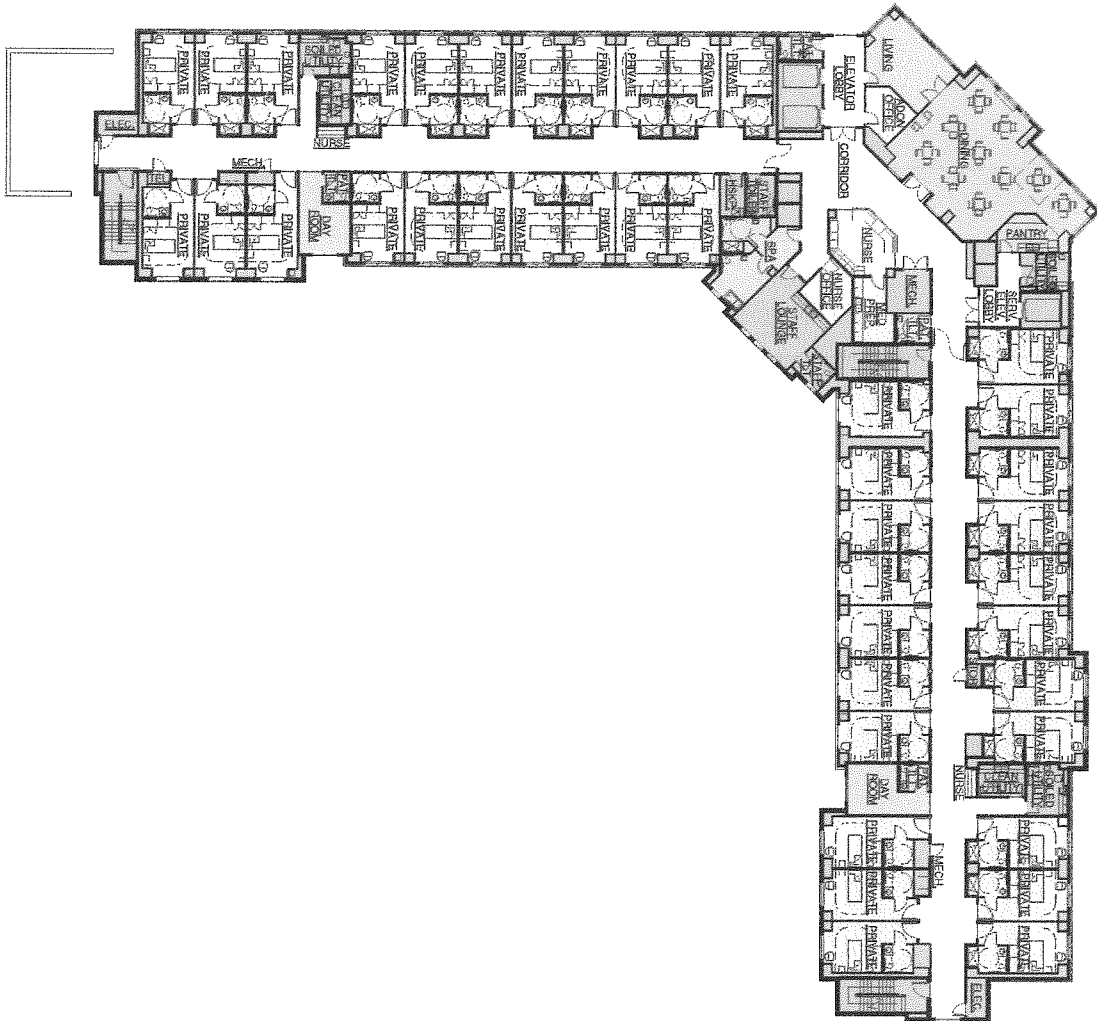


☐ CIRCULATION
☒ DINING
☒ MECHANICAL
☒ STAFF / SUPPORT
☐ TREATMENT



ENTER AT CLARKSBURG GROUND FLOOR PLAN

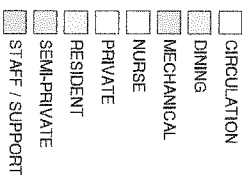
APRIL 3 2009



- ☐ CIRCULATION
- ☐ DINING
- ☐ MECHANICAL
- ☐ NURSE
- ☐ PRIVATE
- ☐ RESIDENT
- ☐ STAFF / SUPPORT

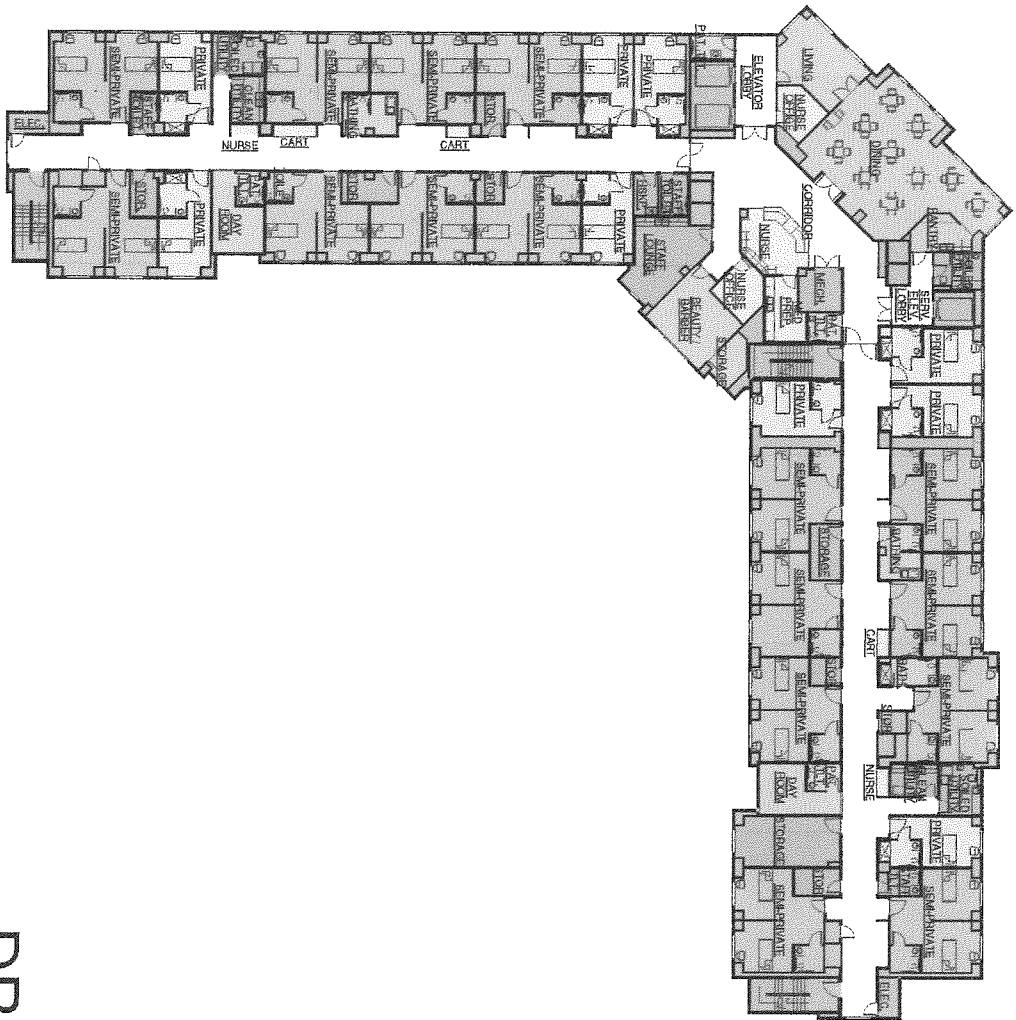
RIVERMONT NURSING AND REHABILITATION CENTER
SECOND FLOOR PLAN









APRIL 17, 2009

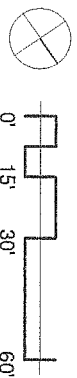


**RIVERMONT NURSING AND REHABILITATION CENTER
THIRD FLOOR PLAN**

APRIL 17, 2009



 CIRCULATION
 DINING
 MECHANICAL
 NURSE
 PRIVATE
 RESIDENT
 SEMI-PRIVATE
 STAFF / SUPPORT



APRIL 3 2009

APX C – Revised Chart 1 Construction Characteristics

Chart 1. Project Construction Characteristics and Costs		
Base Building Characteristics		Complete if Applicable
	New Construction	Renovation
Class of Construction		
Class A	X	
Class B		
Class C		
Class D		
Type of Construction/Renovation		
Low		
Average		
Good	X	
Excellent		
Number of Stories	4 (no basement)	
Total Square Footage	98,505	
Basement	NA	
First Floor	24,594	
Second Floor	24,637	
Third Floor	24,637	
Fourth Floor	24,637	
Perimeter in Linear Feet		
Basement	NA	
First Floor	1,020 LF	
Second Floor	992 LF	
Third Floor	992 LF	
Fourth Floor	992 LF	
Wall Height (floor to eaves)		
Basement		
First Floor	14'-0"	
Second Floor	12'-8"	
Third Floor	12'-8"	
Fourth Floor	12'-8"	
Elevators		
Type <i>Passenger</i>	1 – Freight	
<i>Freight</i>	2 - Passenger	
Number		
Sprinklers (Wet or Dry System)	Wet & Dry	
Type of HVAC System	Zoned AHU	
Type of Exterior Walls	Brick & Stucco	

Chart 1. Project Construction Characteristics and Costs (cont.)		
	Costs	Costs
Site Preparation Costs	\$3,028,242	\$
Normal Site Preparation*	\$ 964,242	
Demolition	NA	
Storm Drains	\$ 185,000	
Rough Grading	\$ 425,000	
Hillside Foundation	\$ 175,000	
Terracing	\$ 272,000	
Pilings	NA	
Offsite Costs	NA	\$
Roads	\$ 385,000	
Utilities	\$ 333,000	
Jurisdictional Hook-up Fees		
Signs	\$ 15,000	\$
Landscaping	\$ 289,000	\$

APX D – Revised Part II, Project Budget

MARYLAND MONTGOMERY HEALTH INVESTORS, LLC

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PART II - PROJECT BUDGET

(INSTRUCTION: All estimates for 1.a.-e., 2.a.-h., and 3 are for current costs as of the date of application submission and should include the costs for all intended construction and renovations to be undertaken)

		NURSING FACILITY
A. Use of Funds		
1. <u>Capital Costs:</u>		
a. <u>New Construction</u>	\$	
(1) Building		<u>21,292,706</u>
(2) Fixed Equipment (not included in construction)		<u>840,443</u>
(3) Land Purchase		
(4) Site Preparation		<u>3,028,242</u>
(5) Architect/Engineering Fees		<u>1,393,755</u>
(6) Permits, (Building, Utilities, Etc)		<u>290,000</u>
SUBTOTAL	\$	<u>26,845,146</u>
b. <u>Renovations</u>		
(1) Building		
(2) Fixed Equipment (not included in construction)		
(3) Architect/Engineering Fees		
(4) Permits, (Building, Utilities, Etc.)		
SUBTOTAL	\$	<u>0</u>
c. <u>Other Capital Costs</u>		
(1) Major Movable Equipment		<u>1,804,820</u>
(2) Minor Movable Equipment		
(3) Contingencies		<u>536,903</u>
(4) Other (Specify)		
TOTAL CURRENT CAPITAL COSTS (a - c)	\$	<u>29,186,869</u>
d. <u>Non Current Capital Costs</u>		
(1) Interest (gross)		<u>721,930</u>
(2) Inflation (state all assumptions including time period and rate)	\$	<u>2,243,160</u> (See attached note)
TOTAL PROPOSED CAPITAL COSTS (a-d)	\$	<u>32,151,959</u>

NOTE- Inflation allowance is estimated at 3.2% per year from application date to mid-point of estimated construction period.
The 3.2% is based upon a combination of historical inflation rates and current economic conditions.

MARYLAND MONTGOMERY HEALTH INVESTORS, LLC

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2. Financing Cost and Other Cash Requirements:	
a. Loan Placement Fees	\$ 725,000
b. Bond Discount	
c. Legal Fees (CON Related)	100,000
d. Legal Fees (other)	82,500
e. Printing	
f. Consultant Fees	
CON Application Assistance	
Other (Specify)	
g. Liquidation of Existing Debt	
h. Debt Service Reserve Fund	
i. Principal Amortization Reserve Fund	
j. Other (Specify)- CON Acquisition, 124 Beds	1,240,000
Other (Specify)-	
Other (Specify)-	
TOTAL (a - j)	\$ 2,147,500
3. Working Capital Startup Costs	\$ 1,400,000
TOTAL USES OF FUNDS (1 - 3)	\$ 35,699,459
B. Sources of Funds for Project:	
1. Cash	6,699,459
2. Pledges: Gross	
less allowance for uncollectables	
= Net	
3. Gifts, bequests	
4. Interest income (gross)	
5. Authorized Bonds	
6. Mortgage	29,000,000
7. Working capital loans	
8. Grants or Appropriation	
(a) Federal	
(b) State	
(c) Local	
9. Other (Specify) F,F, &E Loan	
TOTAL SOURCES OF FUNDS (1 - 9)	\$ 35,699,459
Lease Costs:	
a. Land	= \$ 72,000
b. Building	= \$ 0
c. Major Movable Equipment	= \$ 0
d. Minor Movable Equipment	= \$ 0
e. Other (Specify)	= \$ 0

APX E – Revised Part III, Tables and Operating Projections

MARYLAND MONTGOMERY HEALTH INVESTORS, LLC

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[(INSTRUCTION: Complete Table 1 for the Entire Facility, including the proposed project, and Table 2 for the proposed project only using the space provided on the following pages. Only existing facility applicants should complete Table 1; All Applicants should complete Table 2. Please indicate on the Table if the reporting period is Calendar Year (CY) or Fiscal Year (FY)]

TABLE 1: STATISTICAL PROJECTIONS - ENTIRE FACILITY

CY or FY (Circle)	Two Most Recent Actual Years Ended		Current Year Projected	Projected Years (ending with first full year at full utilization)			
	20__	20__	20__	20__	20__	20__	20__
1. Admissions							
a. ECF							
b. Comprehensive		NOT APPLICABLE					
c. Assisted Living							
d. Respite Care *							
e. Adult Day Care							
f. Other (Specify)							
g. TOTAL	0	0	0	0	0	0	0
2. Patient Days							
a. ECF							
b. Comprehensive							
c. Assisted Living							
d. Respite Care *							
e. Adult Day Care							
f. Other (Specify)							
g. TOTAL	0	0	0	0	0	0	0
3. Occupancy Percentage *							
a. ECF							
b. Comprehensive							
c. Assisted Living							
d. Adult Day Care							
e. Other (Specify)							
f. TOTAL	0	0	0	0	0	0	0
4. Number of Licensed Beds/Slots							
a. ECF							
b. Comprehensive							
c. Assisted Living							
d. Respite Care *							
e. Adult Day Care							
f. Other (Specify)							
g. TOTAL	0	0	0	0	0	0	0

* Number of beds and occupancy percentage should be reported on the basis of licensed beds. Respite care admissions, patient days and number of beds should not be included in "comprehensive care" or "domiciliary care" categories.

MARYLAND MONTGOMERY HEALTH INVESTORS, LLC

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TABLE 2: STATISTICAL PROJECTIONS - PROPOSED PROJECT

(INSTRUCTION: All applicants should complete this table.)

CY or FY (circle)	Projected Years (ending with first full year at full utilization)			
	20X1	20X2	20__	20__
1. Admissions				
a. ECF				
b. Comprehensive	330	270		
c. Assisted Living				
d. Respite Care *				
e. Adult Day Care				
f. Other (Specify)				
g. TOTAL	330	270	0	0
2. Patient Days				
a. ECF				
b. Comprehensive	21,900	42,391		
c. Assisted Living				
d. Respite Care *				
e. Adult Day Care				
f. Other (Specify)				
g. TOTAL	21,900	42,391	0	0
3. Occupancy Percentage				
a. ECF				
b. Comprehensive	48.39%	93.66%		
c. Assisted Living				
d. Adult Day Care				
e. Other (Specify)				
f. TOTAL	48.39%	93.66%	0.0%	0.0%
4. Number of Licensed Beds				
a. ECF				
b. Comprehensive	124	124		
c. Assisted Living				
d. Respite Care *				
e. Adult Day Care				
f. Other (Specify)				
g. TOTAL	124	124	0	0

* Respite care admissions, patient days, and number of beds should not be reported under "comprehensive" or "domiciliary" categories.

MARYLAND MONTGOMERY HEALTH INVESTORS, LLC

124 COMPREHENSIVE BEDS

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(INSTRUCTIONS: Table 3, "Revenue and Expenses - Entire Facility (including the proposed project)" is to be completed by existing facility applicants only. Applicants for new facilities should not complete Table 3. Table 4, "Revenues and Expenses - Proposed Project," is to be completed by each applicant for the proposed project only. Table 5, "Revenues and Expenses (for the first full year of utilization)", is to be completed by each applicant for each proposed service in the space provided. Specify whether data are for calendar year or fiscal year. All projected revenue and expense figures should be presented in current dollars. Medicaid revenues for all years should be calculated on the basis of Medicaid rates and ceilings in effect at the time of submission of this application. Specify sources of non-operating income. State the assumptions used in projecting all revenues and expenses.)

TABLE 3: REVENUES AND EXPENSES - ENTIRE FACILITY (including proposed project)

CY or FY (circle)	Two Most Recent Actual Years Ended (audited)		Current Year Project	Projected Years (ending with first full year at full utilization)			
	20__	20__	20__	20__	20__	20__	20__
1. Revenues:							
a. Inpatient Services		NOT APPLICABLE					
b. Outpatient Services							
c. Gross Patient Service Revenues							
d. Allowance for Bad Debt							
e. Contractual Allow.							
f. Charity Care							
g. Net Patient Services Revenues	0	0	0	0	0	0	0
h. Other Operating Revenues (Spec)							
i. Net Operating Revenues	0	0	0	0	0	0	0
2. Expenses:							
a. Salaries, Wages and Professional Fees (including fringe benefits)							
b. Contract. Services							
c. Interest on Current Debt							
d. Interest on Project Debt							
e. Current Depreciation							

MARYLAND MONTGOMERY HEALTH INVESTORS, LLC

124 COMPREHENSIVE BEDS

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f. Project Depreciation		NOT APPLICABLE					
g. Current Amortization							
h. Project Amortization							
i. Supplies							
j. Other Expenses (Spec.)							
k. Total Operating Expenses	0	0	0	0	0	0	0
3. Income:							
a. Income from Operation							
b. Non-operating Income							
c. Subtotal	0	0	0	0	0	0	0
d. Income Taxes							
e. Net Income (Loss)	0	0	0	0	0	0	0
4. Patient Mix:							
A. Percent of Total Revenue							
1) Medicare							
2) Medicaid							
3) Commercial Insurance							
4) Self-Pay							
5) Other (Specify)							
6) Total	0	0	0	0	0	0	0
B. Percent of Patient Days \ Visits \ Procedures (as applicable)							
1) Medicare							
2) Medicaid							
3) Commercial Insurance							
4) Self-Pay							
5) Other (Specify)							
6) Total	0	0	0	0	0	0	0

(INSTRUCTION: ALL EXISTING FACILITY APPLICANTS MUST SUBMIT AUDITED FINANCIAL STATEMENTS)

MARYLAND MONTGOMERY HEALTH INVESTORS, LLC

124 COMPREHENSIVE BEDS

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TABLE 4: REVENUES AND EXPENSES - PROPOSED PROJECT

(INSTRUCTION: Each applicant should complete this table for the proposed project only)

CY or FY (circle)	Projected Years (Dollars rounded to nearest thousand) (ending with first full year at full utilization)			
	20x1	20x2	20__	20__
1. Revenues:				
a. Inpatient Services	6,986	13,221		
b. Outpatient Services	260	500		
c. Gross Patient Service Revenues	7,246	13,721	0	0
d. Allowance for Bad Debt	(164)	(284)		
e. Contractual Allow.	959	769		
f. Charity Care				
g. Net Patient Care Service Revenues	8,041	14,206	0	0
h. Other Operating Revenues (Specify)				
i. Total Operating Revenues	8,041	14,206	0	0
2. Expenses:				
a. Salaries, Wages and Professional Fees (including fringe benefits)	3,917	6,394		
b. Contract. Services	1,110	1,852		
c. Interest on Current Debt	0	0		
d. Interest on Project Debt	2,026	2,016		
e. Current Depreciation	0	0		
f. Project Depreciation	439	879		
g. Current Amortization	0	0		
h. Project Amortization	27	54		
i. Supplies	356	694		
j. Other Expenses (Specify)	1,245	1,862		
k. Total Operating Expenses	9,120	13,751	0	0

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3. Income:

a. Income from Operation	(1,079)	455	0	0
b. Non-operating Income	28	42		
c. Income	(1,051)	497	0	0
d. Income Taxes				
e. Net Income (Loss)	(1,051)	497	0	0

4. Patient Mix:

A. Percent of Total Revenue

1) Medicare	50.00%	44.01%		
2) Medicaid	32.31%	36.44%		
3) Commercial Insurance	6.35%	4.53%		
4) Self-Pay	11.34%	15.02%		
5) Other (Specify)				
6) Total	100.00%	100.00%	0	0

B. Percent of Patient Days/Visits/Procedures (as applicable)

1) Medicare	36.18%	28.59%		
2) Medicaid	44.96%	51.10%		
3) Commercial Insurance	5.16%	3.36%		
4) Self-Pay	13.70%	16.95%		
5) Other (Specify)				
6) Total	100.00%	100.00%	0	0

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SUPPLEMENTAL INFORMATION

SCHEDULE OF OTHER EXPENSES (YEAR 20X2)

	<u>Nursing Home</u>	<u>TOTAL</u>
Over the Counter Drugs	24,000	24,000
Personal Hygiene Items	7,500	7,500
Barber & Beauty	9,000	9,000
Linen	6,000	6,000
Repairs & Maint.	30,000	30,000
Utilities	312,000	312,000
Maint.- Grounds	9,000	9,000
Pest Control	6,000	6,000
Trash Removal	22,000	22,000
Help Wanted Adv.	24,000	24,000
Auto Expense	14,400	14,400
Data Processing	72,000	72,000
Dues & Subs.	4,800	4,800
NonProperty Insurance	53,500	53,500
Legal & Accounting	30,000	30,000
Licenses & Permits	5,000	5,000
Telephone	36,000	36,000
Meetings & Seminars	4,800	4,800
Medicaid QA Tax	202,827	202,827
Property Insurance	24,000	24,000
Rent Expense	36,000	36,000
Land Lease Expense	72,000	72,000
Advertising	36,000	36,000
Prescription Drugs	677,203	677,203
Mortgage Insurance Premium	144,315	144,315
	<u>1,862,345</u>	<u>-</u>
		1,862,345

MARYLAND MONTGOMERY HEALTH INVESTORS, LLC

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TABLE 5. REVENUES AND EXPENSES - (for first full year at full utilization)
(INSTRUCTION: GROUP REVENUES AND EXPENSES BY SERVICE CATEGORY)

CY OR FY (CIRCLE)	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Community Based Services	TOTAL
1. Revenues:							
a. Inpatient Services	13,221						13,221
b. Outpatient Services	500						500
c. Gross Patient Service Revenue	13,721	0	0	0	0	0	13,721
d. Allowance for Bad Debt	(284)	0					(284)
e. Contractual Allowances	769	0					769
f. Charity Care							0
g. Net Patient Care Service Revenue	14,206	0	0	0	0	0	14,206
h. Other Operating Revenues (Specify)							0
i. Total Operating Revenues	14,206	0	0	0	0	0	14,206
2. Expenses:							
a. Salaries, Wages and Professional Fees (including fringe benefits)	6,394						6,394
b. Contracted Serv.	1,852						1,852
c. Interest on Current Debt	0						0
d. Interest on Project Debt	2,016						2,016
e. Current Depreciation	0						0
f. Project Depreciation	879						879
g. Current Amortization	0						0
h. Project Amortization	54						54
i. Supplies	694						694

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j. Other Expenses (Specify)	1,862						1,862
							0
							0
							0
k. Total Operating Expenses	13,751	0	0	0	0	0	13,751
3. Income:							
a. Income from Operation	455	0	0	0	0	0	455
b. Non-Operating Income	42						42
c. Subtotal	497	0	0	0	0	0	497
d. Income Taxes							0
e. Net Income (Loss)	497	0	0	0	0	0	497
4. Patient Mix:							
A. Percent of Gross Patient Service Revenues							
1. Medicare	36.44%						
2. Medicaid	44.01%						
3. Commercial Insurance	4.53%						
4. Self-Pay	15.02%						
5. Other (Specify)							
6. TOTAL	100.00%	0.00%	0.0%	0.0%	0.0%	0.0%	
B. Percent of Patient Days by Payor Source							
1. Medicare	28.59%						
2. Medicaid	51.10%						
3. Commercial Insurance	3.36%						
4. Self-Pay	16.95%						
5. Other (Specify)							
6. Total	100.00%	0.00%	0.0%	0.0%	0.0%	0.0%	
5. C. Medicaid Analysis							
		Patient Days		Daily Rates			
a. Light		3,376		\$ 201.89		Does not include ancillary	
b. Moderate		8,440		\$ 221.71		Does not include ancillary	
c. Heavy		5,627		\$ 225.78		Does not include ancillary	
d. Heavy Special		4,220		\$ 255.55		Does not include ancillary	
e. TOTAL		21,663					

Rivermont Nursing and Rehabilitation Center - Assumptions

Assumptions Regarding Capital Budget, Financial Schedules, and Financial Plan:

All assumptions used in developing revenue and expense projections in Table 4 have been determined by a team of health care professionals based upon current market conditions, known operational costs and budgets, phase up assumptions in year #20x1 based upon previous experience (as well as current market conditions), etc. The health care team includes several individuals, each with average experience of 20 years in financial, operational, and/or healthcare.

As to specific revenue assumptions, the following information is provided, as follows:

Revenue Assumptions

The standard room rate is \$295.00 per day for private pay patients in units #2 and #3, and \$375.00 for unit #1 (Rehabilitation Unit).

The average rate for Medicare Part A is \$485.00 per patient day.

The average Insurance rate is \$460.00 per day.

Medicaid rates (net of contractual allowances) were developed based upon the most currently available Medicaid reimbursement regulations that were issued as of the time of the application's filing date. The rates are the result of applying the projected costs into the Medicaid reimbursement system and deriving Medicaid rates for each of the four levels of care (Light Care up to Heavy Special). As a result, Medicaid rates are projected to range from \$225.21 to \$278.87 per day plus \$14.00 per day for Medicaid ancillary services in year #20x1 and from \$201.89 to \$255.55 plus \$14.00 per day for Medicaid ancillary services in year #20x2. Other revenue assumptions include additional Medicaid revenue from providing communicable disease care to an average of two patients at \$103.46 per day (State of Maryland's Medicaid rate for this additional service).

The difference between the actual Medicaid rates derives above in relation to the standard room rate is reflected in the contractual allowance amount. It should be noted that the applicant projects that Medicaid will approve a minimum occupancy waiver for the first year of operations as available under COMAR 10.09.10.16G(1) and (2).

The difference between in-patient revenues at the standard room rates and the projected rates for each payer type noted above results in a contractual allowance. Because of significant Medicare utilization at an estimated rate above the standard room rates, the contractual allowance is forecast to actually increase revenues. The contractual allowances increase revenues by \$959,000 and \$769,000 in years #20x1 and #20x2, respectively.

Allowance for doubtful accounts/bad debts, estimated at approximately 2% of revenue, are \$164,000 and \$284,000 in years #20x1 and #20x2, respectively.

Expense Assumptions

Labor costs on Table 4 are supported by staffing patterns and Manpower Table (Table 6) based upon projected patient needs at labor rates consistent with current market conditions. Estimated employee benefit rate of 29% based upon current market conditions as well as rates at applicants other nursing facilities.

Contracted services on Table 4 are further supported by Table 6 and are based upon the following:

- Physical, Speech and Occupational Therapies- Estimated at \$46.00 per day (for Medicare and Managed Care Days) totaling \$623,011 in year #20x2, plus \$325,000 in year #20x2 for Part B services. Grand total of \$948,011 for year #20x2.
- Home Office Management Services- Estimated at approximately 5%, totaling \$710,000 in year 20x2.
- Laboratory and radiology services- Estimated at \$5.00 and \$2.00 for each Medicare and Managed Care patient day), totaling \$67,720 and \$27,088 in year 20x2, respectively. Any laboratory and radiology services provided to Medicaid or Private Pay patients are billed directly from the contracted company to the resident.
- Others- Estimated as detailed on Table 6 based upon current economic conditions and management teams experience.

Certain assumptions for material supply costs and other expenses are as follows:

- Nursing supplies estimated at \$4.00 per patient day, \$169,564 for year #20x2.
- Raw food costs estimated at \$6.25 per patient day, \$264,944 for year #20x2.
- Prescription drugs estimated at \$46.00 per patient day (for Medicare and Managed Care days only, as Pharmacy directly bills Private Pay Patients and Medicaid Program), \$677,203 for year #20x2.
- Utility Costs estimated at \$26,000 per month, \$312,000 for year #20x2.
- Medicaid Quality Assessment Tax estimated at \$6.70 per patient day (for all patient days except Medicare) based upon current tax rate in effect, \$202,827 in year #20x2.
- Interest expense calculated based upon financing rate estimated at 7% based upon quoted HUD rates, with a 40 year amortization period.
- Mortgage insurance premium of 0.5% of outstanding HUD mortgage balance per HUD requirements, \$144,315 in year #20x2.

MARYLAND MONTGOMERY HEALTH INVESTORS, LLC

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TABLE 6. MANPOWER INFORMATION (SUPPLEMENTAL)

(INSTRUCTIONS: List by service the staffing changes (specifying additions and/or deletions and distinguishing between employee and contractual services) required by this project.)

<u>Position Title</u>	<u>Current No. FTEs</u>	<u>Changes in FTEs (+/-)</u>	<u>Average Salary</u>	<u>Employee/ Contractual</u>	<u>TOTAL COST</u>
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THE FOLLOWING POSITIONS WILL ALL BE EMPLOYEES

ADMINISTRATION

Administrator		1.00	125,000		\$125,000
Billing Supervisor		1.00	60,000		60,000
Personnel		1.00	54,000		54,000
Receptionists		2.80	20,800		58,240
Admissions		1.00	55,000		55,000
	TOTALS	6.80			\$352,240

(INSTRUCTION: Indicate method of calculating benefits percentage):

Fringe benefits are calculated at 29 % of gross salaries.

MARYLAND MONTGOMERY HEALTH INVESTORS, LLC

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TABLE 6. MANPOWER INFORMATION (SUPPLEMENTAL)

(INSTRUCTIONS: List by service the staffing changes (specifying additions and/or deletions and distinguishing between employee and contractual services) required by this project.)

<u>Position Title</u>	<u>Current No. FTEs</u>	<u>Changes in FTEs (+/-)</u>	<u>Average Salary</u>	<u>Employee/ Contractual</u>	<u>TOTAL COST</u>
-----------------------	-----------------------------	----------------------------------	---------------------------	----------------------------------	-----------------------

THE FOLLOWING POSITIONS WILL ALL BE EMPLOYEES

DIRECT CARE

COMPREHENSIVE CARE

Director of Nursing	1.00	95,000	95,000
Asst. Director of Nursing	1.00	84,000	84,000
Weekend Supervisor (RN)	0.80	75,000	60,000
Unit Secretary	1.00	30,000	30,000
Registered Nurses	12.60	71,552	901,555
Licensed Practical Nurses	15.40	56,160	864,864
Cert. Medication Aides	4.20	35,360	148,512
Cert. Nursing Aides	39.375	32,240	1,269,450
MDS Coordinator	1.00	80,000	80,000
Staff Coordinator	1.00	40,000	40,000
Central Supply Clerk	1.00	36,000	36,000

TOTALS	78.38		\$3,609,381
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(INSTRUCTION: Indicate method of calculating benefits percentage):

Fringe benefits are calculated at 29 % of gross salaries.

MARYLAND MONTGOMERY HEALTH INVESTORS, LLC

124 COMPREHENSIVE BEDS

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TABLE 6. MANPOWER INFORMATION (SUPPLEMENTAL)

(INSTRUCTIONS: List by service the staffing changes (specifying additions and/or deletions and distinguishing between employee and contractual services) required by this project.)

<u>Position Title</u>	<u>Current No. FTEs</u>	<u>Changes in FTEs (+/-)</u>	<u>Average Salary</u>	<u>Employee/ Contractual</u>	<u>TOTAL COST</u>
THE FOLLOWING POSITIONS WILL ALL BE EMPLOYEES					
SUPPORT					
Social Service Director		1.00	52,000		52,000
Social Service Assistant		1.00	30,000		30,000
Activities Director		1.00	52,000		52,000
Activities Assistant		1.00	26,000		26,000
Food Service Manager		1.00	55,000		55,000
Cooks		3.28	28,600		93,808
Cooks Helpers/Dietary Staff		7.88	23,400		184,392
Laundry Assistants		4.20	23,400		98,280
Housekeep. Super.		1.00	33,000		33,000
Housekeepers		8.40	24,960		209,664
Maintenance Supervisor		1.00	52,000		52,000
Maintenance Assistant		1.40	30,680		42,952
Security		0.00	20,800		0
Medical Records		1.00	30,000		30,000
Inservice Director		0.50	72,000		36,000
TOTALS		28.66			\$995,096

(INSTRUCTION: Indicate method of calculating benefits percentage):

Fringe benefits are calculated at 29 % of gross salaries.

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TABLE 6. MANPOWER INFORMATION (SUPPLEMENTAL)

(INSTRUCTIONS: List by service the staffing changes (specifying additions and/or deletions and distinguishing between employee and contractual services) required by this project.)

Position Title	Current No. FTEs	Changes in FTEs (+/-)	Average Salary	Employee/ Contractual	TOTAL COST
ADMINISTRATION					\$352,240
DIRECT CARE					3,609,381
SUPPORT					<u>995,096</u>
TOTAL SALARIES					\$4,956,717
FRINGE BENEFITS @ 29%					<u>1,437,448</u>
TOTAL SALARIES & BENEFITS					\$6,394,165

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TABLE 6. MANPOWER INFORMATION (SUPPLEMENTAL)

(INSTRUCTIONS: List by service the staffing changes (specifying additions and/or deletions and distinguishing between employee and contractual services) required by this project.)

Position Title	Current No. FTEs	Changes in FTEs (+/-)	Average Salary	Employee/ Contractual	TOTAL COST
----------------	---------------------	--------------------------	-------------------	--------------------------	---------------

THE FOLLOWING POSITIONS WILL BE PROVIDED ON A CONTRACTUAL BASIS

Therapies (PT, OT, & ST)					\$ 948,011
Medical Director					30,000
Psychogeriatric Consultant					4,200
Pharmacy Consultant					5,000
Laboratory					67,720
Radiology					27,088
Other Health Professionals					12,000
Contractual Maintenance					48,000
Management Services					710,000
 TOTAL CONTRACTUAL SERVICES					 \$ 1,852,019

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2. On the chart below, please delineate the proposed nursing staffing pattern for patient care units or services. If your staffing pattern varies among units or services, complete a separate chart for each unit.

Scheduled Staff For Typical Work Week

SHIFT	WEEKDAY			WEEKEND/HOLIDAY		
	D	E	N	D	E	N
STAFF CATEGORY						
42 BEDS UNIT #1						
R.N.s	2.00	2.00	1.00	SAME AS WEEKDAY		
L.P.N.s	1.00	1.00	1.00	SAME AS WEEKDAY		
AIDES	5.00	4.00	3.00	SAME AS WEEKDAY		
MEDICINE AIDES	1.00			SAME AS WEEKDAY		
OTHER (Specify):	1.00			0	0	0
Unit Secretary	1.00			0	0	0
41 BEDS UNIT #2						
R.N.s	1.00	1.00		SAME AS WEEKDAY		
L.P.N.s	2.00	1.00	1.00	SAME AS WEEKDAY		
AIDES	4.00	3.00	2.00	SAME AS WEEKDAY		
MEDICINE AIDES	0.50	0.50		SAME AS WEEKDAY		
OTHER (Specify):				0	0	0
41 BEDS UNIT #3						
R.N.s	1.00	1.00		SAME AS WEEKDAY		
L.P.N.s	2.00	1.00	1.00	SAME AS WEEKDAY		
AIDES	4.00	3.00	2.00	SAME AS WEEKDAY		
MEDICINE AIDES	0.50	0.50		SAME AS WEEKDAY		
OTHER (Specify):				0	0	0

Note- Aides work 7.50 hours per shift.

Key D - Day Shift E - Evening Shift N - Night Shift

10.24.01.07H(2)(g). If applicable, the special needs and circumstances of biomedical and behavioral research projects which are designed to meet a national need and for which local conditions offer special advantages.

If you believe this criterion is applicable to your Project, please describe your research and its funding sources, and specify what national need would be met and what special advantages are provided by local conditions.

10.24.01.07H(2)(h). Compliance with relevant State and Federal legal requirements regarding the provision of or payment for health services, including applicable Federal or State regulations requiring the provision of uncompensated care, community service or access by minorities and handicapped persons to programs receiving State or Federal financial assistance (including the existence of civil rights violations), Federal and State regulations regarding quality of care, and any general or specific conditions applied to previous CONs granted to the applicant.

On separate sheets, list all prior Certificates of Need that have been issued by the Commission and their status.

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APX F – MVS Analysis

Marshall and Swift Analysis
Rivermont Nursing and Rehabilitation Center Modification
New Construction

I. The Marshall and Swift Guideline

A. Background		
Type		Conv. Hosp.
Construction Quality/Class		G/A
Stories		4
Perimeter		951
Height of Ceiling		13.00
Square Feet		102,500.00
6a Average floor Area		24,000.00

B. Base Costs		
Basic Structure	\$	214.88
Elimination of HVAC cost for adjustment	\$	-
HVAC Add-on for Mild Climate	\$	-
HVAC Add-on for Extreme Climate	\$	-
Additions:		
Elevator (If not in base)	\$	-
Other	\$	-
Total Base Cost	\$	214.88

C. Multipliers	
Perimeter Multiplier	0.95
Height Multiplier (plus/minus from 12')	1
Multi-story Multiplier (0.5%/story above 3)	1.023
D. Sprinklers	3.55

E. Update/Location Multipliers	
Update Multiplier	1.12
Location Multiplier	1.02

Final Square Foot Cost Standard	\$ 242.62
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II. The Project

A. Base Calculations	Actual	Per Sq. Foot
New Construction	\$21,292,706.00	\$ 207.73
Equipment	\$ 840,443.00	\$ 8.20
Site Preparation	\$ 3,028,242.00	\$ 29.54
Architectural Fees	\$ 1,393,755.00	\$ 13.60
Capitalized Construction Interest	\$ 721,930.00	\$ 7.04
Permits	\$ 290,000.00	\$ 2.83
Subtotal	\$27,567,076.00	\$ 268.95

B. Extraordinary Cost Adjustments	Project Costs	Per Sq. Foot
Equipment	\$ 840,443.00	\$ 8.20
Deep Foundation Walls for Slope Control	\$ 175,000.00	\$ 1.71
Entrance Canopies Including Foundations	\$ 45,000.00	\$ 0.44
Site Preparation (excluding normal cost)	\$ 1,775,000.00	\$ 17.32
LEED Certification (3%)	\$ 780,000.00	\$ 7.61
Zoning and Land Planning Permitting	\$ 290,000.00	\$ 2.83
Additional General Conditions For Sitework Duration	\$ 150,000.00	\$ 1.46
Landscaping	\$ 289,000.00	\$ 2.82
Signs	\$ 15,000.00	\$ 0.15
Subtotal	\$ 4,359,443.00	\$ 42.53

C. Adjusted Project Cost (Base-Extraordinary)	\$23,207,633.00	
Adjusted Cost Per square foot		\$ 226.42

III. Comparison

Adjusted Project Cost/Sq. Ft.	\$	226.42
Marshall & Swift Sq. Ft. Standard	\$	242.62
Variance per sq. ft.	\$	(16.21)
Percent Change		-6.7%

APX G – Affirmations

Affirmation re Budget and Operating Projections
Regarding Certificate of Need Modification

I HEREBY DECLARE AND AFFIRM under the penalties of perjury that the facts stated in this application and its attachment(s) are true and correct to the best of my knowledge, information and belief.

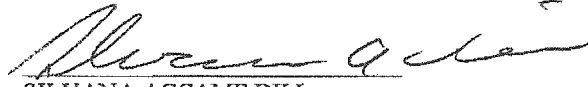
Dated: April 30, 2009


MICHAEL J. SNARSKI, CPA

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in the Modification responses and any attachments are true and correct to the best of my knowledge, information and belief.

Date: April 30, 2009

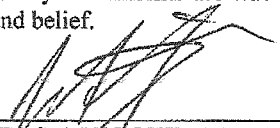


SILVANA ACCAME DILL
Director of Business Development & Market Strategy
Adventist Senior Living Services, Inc.

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in the Modification responses and any attachments are true and correct to the best of my knowledge, information and belief.

Date: April 30, 2009



JAMES S. LIPSINGER, MBA, CPA
Chief Financial Officer
Adventist Senior Living Services, Inc.

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in the Modification responses and any attachments are true and correct to the best of my knowledge, information and belief.

Date: April 30, 2009

A handwritten signature in black ink, appearing to read "Chris Hall", written over a horizontal line.

CHRISTOPHER C. HALL
Senior Director Strategic Planning
Adventist HealthCare, Inc.